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Magistrate Judge Dean Brett

3 FEB 18 2016

4 AT SEATTLE
CLERK U.S. DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
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7 UNITED STATES DISTRICT COURT FOR THE
8 WESTERN DISTRICT OF WASHINGTON
9 AT SEATTLE

10 UNITED STATES OF AMERICA,

11 Plaintiff

CASE NO. MJ16-74

12 COMPLAINT for VIOLATION

13 v.
14 CHI LEUNG CHENG, a.k.a.
15 PETER CHENG

Title 18, United States Code,
Section 1344

16 Defendant.

17

18

19 BEFORE DEAN BRETT, United States Magistrate Judge, United States Courthouse,
20 700 Stewart Street, Seattle, Washington.

21

22 The undersigned complainant being duly sworn states:

23

24 **COUNT ONE**

25 **Bank Fraud**

26 *1. Introduction*

27 Beginning on an unknown date, but at least by or on January 14, 2016, and continuing
28 through February 17, 2016, in Seattle and Bellingham, within the Western District of
Washington, and elsewhere, CHI LEUNG CHENG, a.k.a. PETER CHENG, did knowingly

COMPLAINT/CHENG 1
2016R00185/MJ16-74

UNITED STATES ATTORNEY
700 STEWART STREET, SUITE 5220
SEATTLE, WASHINGTON 98101
(206) 553-7970

1 devise a scheme and artifice to defraud Washington Trust Bank, a federally insured financial
2 institution, and to obtain monies, funds, credits and assets from said financial institution by
3 means of false and fraudulent pretenses, representations, and promises, to wit, by opening a bank
4 account with Washington Trust Bank, depositing checks drawn on previously closed bank
5 accounts into the new account, and by withdrawing monies, funds, credits and assets from
6 Washington Trust Bank by cash withdrawals, checks and wire transfers, resulting in a loss to
7 said financial institution.

8 2. *The Scheme and Artifice to Defraud*

9 Each execution of the scheme and artifice, specifically each time CHI LEUNG CHENG,
10 a.k.a. PETER CHENG, deposited with Washington Trust Bank a check he wrote on a previously
11 closed account and presented it as a valid deposit of funds, and each time CHI LEUNG CHENG,
12 a.k.a. PETER CHENG, made a cash withdrawal or a wire transfer knowing that the previously
13 deposited checks were fraudulent, and each time CHI LEUNG CHENG, a.k.a. PETER CHENG,
14 wrote a Washington Trust Bank check payable to another person or entity with the intent that the
15 Bank honor the check, constituted a false representation to Washington Trust Bank that was
16 material in that Washington Trust Bank was influenced to allow the cash withdrawals, process
17 the wire transfer, and honor the checks.

18 3. *Execution of the Scheme and Artifice to Defraud*

19 The following acts constitute independent executions of the above described scheme or
20 artifice to defraud Washington Trust Bank and to obtain monies, funds, credits, assets, securities
21 and other property by means of material false and fraudulent pretenses, representations, and
22 promises:

23 1. On or about January 14, 2016, CHI LEUNG CHENG, a.k.a. PETER CHENG, in
24 Seattle within the Western District of Washington, presented the following fraudulent checks to
25 Washington Trust Bank: a check drawn on Union Bank in the amount \$1,800.00; a check drawn
26 on the Bank of Montreal in the amount of \$25,000.00; and a check drawn on the Australia and
27 New Zealand Banking Group, Limited in the amount of \$140,000.00.

28 2. On or about January 19, 2016, CHI LEUNG CHENG, a.k.a. PETER CHENG,
29 in Bellevue within the Western District of Washington, presented two fraudulent checks

1 to Washington Trust Bank drawn on the Bank of Montreal with a total face value of
2 \$145,000.00.

3 3. On or about January 19 through January 21, 2016, in Bellevue within the
4 Western District of Washington, and elsewhere CHI LEUNG CHENG, a.k.a. PETER
5 CHENG, withdrew \$5,000.00 in cash from Washington Trust Bank, withdrew \$3,500.00
6 in cash from Washington Trust Bank, and withdrew \$35,000.00 in cash from Washington
7 Trust Bank.

8 4. On or about January 20, 2016, in Bellevue within the Western District of
9 Washington, CHI LEUNG CHENG, a.k.a. PETER CHENG, caused a wire transfer of
10 \$46,000.00 to be sent from Washington Trust Bank to a CitiBank Singapore bank
11 account held in his name.

12 5. On or about January 21, 2016, CHI LEUNG CHENG, a.k.a. PETER CHENG,
13 wrote two checks on the Washington Trust Bank account; one in the amount of
14 \$15,000.00 to D.L and one in the amount of \$8,000.00 to F.P.C.

15 All in violation of Title 18, United States Code, Section 1344(1) and (2).

16

17 And the complainant states that this Complaint is based on the following
18 information:

19 I, Gregory L. Leiman, being first duly sworn on oath, depose and say
20 I am a Special Agent with the Federal Bureau of Investigation (FBI), and have
21 been so employed since July 13, 2014. I am currently assigned to the Bellingham
22 Resident Agency of the Seattle Division. The FBI is responsible for enforcing the federal
23 criminal statutes of the United States, including bank fraud and other crimes enumerated
24 in Title 18 of the United States Code. While employed as an FBI agent, I have
25 investigated and/or participated in investigations of a wide array of criminal violations,
26 including financial crimes. I have gained experience through training at the FBI Academy
27 in Quantico, Virginia, and everyday work relating to conducting these types of
28

1 investigations. I make this affidavit in support of a finding of probable cause for a
2 criminal complaint and have not included every fact known to me in this investigation.

3 On December 23, 2015, I was contacted by the Blaine Police Department
4 regarding a Canadian individual, CHI LEUNG CHENG, who used checks from closed
5 bank accounts to open new bank accounts at Banner Bank branches, located in Blaine
6 and Ferndale, Washington. On December 30, 2015, I contacted a fraud investigator,
7 Karen Munger, at Banner Bank who advised me that CHENG used checks drawn off of a
8 closed Bank of Montreal account to open an account at Banner Bank. Munger said she
9 had contacted the Bank of Montreal (BOM) and learned that the aforementioned BOM
10 account had long been closed for fraudulent activity. On December 30, 2015, I contacted
11 BOM and confirmed that CHENG's account has been closed for fraudulent activity.

12 On January 21, 2016, I received a telephone call from Janeen Vanslyke, Director
13 of Operational Risk Management at Washington Trust Bank, who advised me that CHI
14 LEUNG CHENG opened an account on January 14, 2016, presenting for deposit three
15 checks drawn on the closed BOM account as well as other accounts. When opening the
16 account, CHENG claimed to own an import/export business and explained that he
17 imported soy beans from Brazil to Indonesia.

18 None of the checks CHENG presented to make his initial deposits were valid and
19 none of the funds have cleared. Between January 14 and January 21, 2016, and before
20 Washington Trust Bank learned that the checks were not valid, CHENG withdrew
21 approximately \$100,000.00 from the Washington Trust Bank account in the form of
22 debits, cash withdrawals, and a single \$46,000 wire transfer to an account in his name at
23 a Singapore-based Citibank. Jade Lohr, a fraud investigator at Washington Trust Bank,
24 reported that, to date, the Bank has suffered a loss of \$101,692.92.

25 I have reviewed the printed account history supplied by the bank which shows
26 CHENG's debits, wire transfers, copies of CHENG's deposits from his closed BOM
27 account, and other biographical information.
28

1 In the past month I have learned that CHI LEUNG CHENG, who also uses the
2 name PETER CHENG, has opened bank accounts at other banks in Western Washington,
3 most often by presenting fraudulent checks drawn on the closed BOM account.

4 On February 17, 2016, Homeland Security Investigation (HSI) Special Agent
5 Robert Baker notified me that CHENG was attempting to cross into the United States at
6 the Pacific Highway Port of Entry. CHENG had his Canadian passport, his British
7 Columbia drivers license, and several blank and previously certified bank checks in his
8 possession. I, together with HSI Special Agent Tom Penn, interviewed CHENG at the
9 Pacific Highway Port of Entry. After advising CHENG of his Miranda rights, and after
10 CHENG agreed to participate in a recorded interview, CHENG told us the following:

11 CHENG began by claiming to work in the import/export business, stating that his
12 business involves importing soy beans from Brazil to Indonesia. After confronting him
13 with information indicating CHENG's involvement in check fraud, CHENG told us that
14 he intentionally defrauded several United States-based financial institutions, including
15 Washington Trust Bank, Wells Fargo Bank, US Bank, People's Bank, Union Bank,
16 Skagit Bank, and Banner Bank. CHENG admitted to purposefully misleading the banks
17 about his assets and income in order to open new accounts and withdraw funds from
18 those accounts. He admitted purposely defrauding the financial institutions. In a hand
19 written statement, CHENG acknowledged that he stole money from local banks and
20 estimated the following sums:

21 Washington Trust Bank of \$100,000;

22 Wells Fargo Bank of \$20,000;

23 US Bank of \$3,000;

24 People's Bank of \$3,000;

25 Union Bank of \$4,000 to \$5,000;

26 Skagit Bank of \$3,000; and

27 Banner Bank of \$1,000.

These sums roughly comport with what has been reported to law enforcement.

2 The banks listed above are all financial institutions within the meaning of Title 18,
3 United States Code, Section 20.

4 CHENG also admitted that in 2010 he stole money, roughly \$180,000, from a
5 person in New York. I have read a 2015 report of a complaint filed by the person
6 CHENG named which indicates CHENG received \$400,000 for “gold investments” from
7 the person over the course of several months and that CHENG misappropriated some of
8 the money.

9 CHENG, who acknowledged that he also used the name PETER CHENG, wrote
10 that he was very sorry for what he had done and asked for another chance.

Based on the above facts, I respectfully submit that there is probable cause to believe that CHI LEUNG CHENG, also known as PETER CHENG, did knowingly and intentionally defraud Washington Trust Bank, a financial institution, of approximately \$100,000, in violation of Title 18, United States Code, Section 1344.

**GREGORY L. LEIMAN, Complainant
Special Agent, Federal Bureau of
Investigation**

Based on the Complaint and Affidavit sworn to before me, and subscribed in my presence, the Court hereby finds that there is probable cause to believe the Defendant committed the offense set forth in the Complaint.

Dated this 18 day of February, 2016.

~~DEAN BRETT~~
United States Magistrate Judge